

Message Text

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TAGS: EAID, PGOV

SUBJECT: WEEKLY STATUS REPORT -- THAILAND, INDONESIA,
MALAYSIA, BURMA AND SINGAPORE AFFAIRS

INDONESIA

NEW CABINET NAMED (SECRET)

SUHARTO'S ANNOUNCEMENT OF HIS NEW CABINET ON MARCH 29
PROVIDES SOME INSIGHTS INTO PROBABLE GOI ATTITUDES IN
THE EARLY STAGES OF SUHARTO'S NEW TERM AND PORTENTS OF
PROBLEMS FOR US. THE CABINET IS EVEN MORE A MILITARY-
TECHNOCRAT COALITION THAN ITS PREDECESSOR, POLITICAL
PARTY REPRESENTATION IS COMPLETELY EXCLUDED, THE MILITARY
PROPORTION HAS RISEN, (ALTHOUGH TECHNOCRATS STILL OUT-
NUMBER THE MILITARY) AND THERE IS NO EVIDENCE OF THE
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DYNAMISM OR NEW DIRECTIONS WHICH SUHARTO MAY NEED TO COM-
PLETE A FIVE YEAR TERM. THE ECONOMIC MINISTRIES HAVE IN
GENERAL GONE TO CAPABLE PEOPLE (IN A NUMBER OF CASES OF
SIGNIFICANTLY BETTER QUALITY THAN THEIR PREDECESSORS),
BUT CONTROL OF THE SENSITIVE POLITICAL AFFAIRS MINISTRIES
IS NOW LARGELY IN THE HANDS OF HARDLINERS OR UNPOPULAR
CRONIES. AMONG THE MILITARY MEMBERS, THERE IS NO EVIDENCE

OF THE OLD GUARD OF THE 1945 GENERATION BEGINNING ANY

TRANSITION TO YOUNGER BLOOD. IN ESSENCE, A SIEGE MENTALITY APPEARS TO BE DEVELOPING. WITH LITTLE IN THE CABINET TO APPEAL TO MOSLEM AND STUDENT DISSIDENTS, WE DOUBT THAT THE GOVERNMENT IS POSITIONED TO REGAIN THE POPULAR SUPPORT IT HAS LOST AND THERE IS A DISTINCT POSSIBILITY OF FURTHER DETERIORATION. OUR WORKING RELATIONSHIPS IN THE ECONOMIC SECTOR SHOULD CONTINUE EXCELLENT AND MAY EVEN BE ENHANCED. POLITICAL AFFAIRS, HOWEVER, PARTICULARLY THOSE OF VOLATILE SENSITIVITY SUCH AS HUMAN RIGHTS, WILL PROBABLY REQUIRE EVEN MORE US FINESSE THAN PREVIOUSLY.

PL 480, TITLE I FOR INDONESIA

AFTER REVIEWING ALTERNATIVE STRATEGIES FOR INDONESIAN FOOD INITIATIVES, WE NOW INTEND TO TRY TO RESPOND NOW TO THE GOI REQUEST FOR 100,000 TONS OF RICE DURING OUR FY 1978. THE CURRENT PL 480 APPROPRIATION DOES NOT COVER PROPOSALS FOR ADDITIONAL FOOD PROGRAMS IN A NUMBER OF COUNTRIES AND A SUPPLEMENTAL APPROPRIATION BY CONGRESS WOULD BE NECESSARY. A JOINT STATE/AID/USDA MEMORANDUM TO OMB PROPOSING SUPPLEMENTAL FUNDING IS IN PREPARATION AND SHOULD GO FORWARD SHORTLY. PROSPECTS FOR CONCURRENCE BY TREASURY AND APPROVAL BY OMB ARE SECRET

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UNCLEAR.

THAILAND

LAO FOREIGN MINISTER CONCLUDES THAI VISIT (CONFIDENTIAL)

LAO DEPUTY PREMIER AND FOREIGN MINISTER PHOUN SIPASEUT CONCLUDED A THREE DAY VISIT TO BANGKOK ON MARCH 25. IN THE FINAL COMMUNIQUE, BOTH SIDES EXPRESSED AGREEMENT THAT DIFFERENT POLITICAL AND ECONOMIC SYSTEMS NEED NOT PREVENT IMPROVED RELATIONS. THE COMMUNIQUE ALSO NOTED RECENT IMPROVEMENTS IN RELATIONS, INCLUDING THE AVIATION AGREEMENT, REVIVAL OF THE MEKONG RIVER INTERIM COMMITTEE, AND THE EXCHANGE OF AMBASSADORS. THAILAND AND LAOS AGREED, IN ADDITION, TO RESOLVE BORDER DIFFICULTIES THROUGH DISCUSSION BETWEEN LOCAL OFFICIALS AND TO SET UP A JOINT COMMITTEE TO PROMOTE EXPANDED TRADE. AN ADDITIONAL TRANSIT POINT ON THE BORDER WILL BE OPENED AND THE OPENING OF OTHER BORDER TRANSIT POINTS WILL BE DISCUSSED. ALTHOUGH BOTH SIDES APPEAR TO BE CONTENT WITH THE RESULTS OF THE VISIT, SOME THAI OFFICIALS HAVE BEEN LESS POSITIVE, COMMENTING THAT IMPORTANT POLITICAL

ISSUES SUCH AS LAO SUPPORT FOR THE THAI INSURGENCY AND THE REFUGEE PROBLEM WERE NOT DISCUSSED SERIOUSLY BY THE LAO. NEVERTHELESS, THAI-LAO RELATIONS APPEAR TO HAVE

MOVED A MEASURED STEP FORWARD.

MALAYSIAN PETROLEUM PRODUCTION (UNCLASSIFIED)

EMBASSY K.L. REPORTS THAT ESSO HAS COMMENCED PRODUCTION OF CRUDE PETROLEUM OFF THE COAST OF PENINSULAR MALAYSIA -- THE FIRST PRODUCTION EVER IN THOSE WATERS. INITIAL PRODUCTION WILL BE SLIGHTLY OVER 20,000 B/P/D WITH PRODUCTION POSSIBLY INCREASING UP TO 200,000 B/P/D BY 1980 (IF THE GOM DECIDES TO EXPLOIT THE RESERVE THAT RAPIDLY).

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COUNTRY WIDE PRODUCTION IS NOW AVERAGING 215,000 B/P/D.

BURMA

ARMS, COMBAT AND NARCOTICS (CONFIDENTIAL)

FACED WITH A BURMESE FISCAL YEAR DEADLINE OF MARCH 31, THE CONTINUING SAGA OF MUTUAL BURMESE - US INEPTITUDE IN FMS ARMS PURCHASES HAS REACHED THE END OF A CHAPTER. THE BURMESE CEASED THEIR EFFORTS TO PURCHASE USED 57 MM RECOILLESS RIFLES (AND AMMUNITION) IN FAVOR OF A FULL PLANELOAD OF AVAILABLE 40 MM GRENADES. BY SCRAPING HERE AND THERE (IN PART BY DIVERSION FROM THE PHILIPPINES), WE WILL SOON HAVE A MINIMAL AMOUNT OF 57 MM AMMUNITION TO PROVIDE EVIDENCE OF A USG GOOD FAITH EFFORT SHOULD THE BURMESE DECIDE NOT TO RENEW THE REQUEST FOR THE RECOILLESS RIFLES THEY HAVE SOUGHT TO NEUTRALIZE INCREASED BCP FIREPOWER. IN THAT REGARD, BURMESE ARMY ENGAGEMENTS WITH THE BCP (AND OTHER INSURGENT NARCOTICS GROUPS) CONTINUES AT A SCALE AND INTENSITY CLEARLY HIGHER THAN RECENT YEARS. CASUALTIES HAVE ALSO BEEN HIGH ON BOTH SIDES, BUT THE RELATIVE POSITION OF THE COMBATANTS REMAINS ROUGHLY THE SAME. WE ARE CAUTIOUSLY HOPEFUL THAT THE PENDING VISIT TO BURMA IN EARLY MAY BY PM KRIANGSAK WILL BEGIN TO EASE THE SENSE OF DISTRUST WHICH HAS STIFLED ANY EFFECTIVE THAI-BURMESE COOPERATION ON ANTI-NARCOTICS ACTIVITIES. COOPER

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